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FISCAL IMPACT STATEMENT

LS 7099

BILL NUMBER: SB 342

NOTE PREPARED: Jan 28, 2006

BILL AMENDED: Jan 26, 2006

SUBJECT: Electronic Prescription Tracking Program.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: GENERAL

 X DEDICATED

 X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill establishes the Indiana Scheduled Prescription Electronic Collection and Tracking (INSPECT) program within the Professional Licensing Agency. The bill moves the responsibilities of the Controlled Substances Central Repository to the INSPECT program. It also provides that the administration of the INSPECT program may be contracted to an outside vendor.

The bill permits the INSPECT program to certify who may receive information from the INSPECT program.

The bill also allows the Controlled Substances Advisory Committee to set educational standards for individuals who receive information from the INSPECT program and to identify treatment for individuals addicted to substances monitored by the INSPECT program.

The bill provides that information concerning when certain controlled substances are dispensed is required to be transmitted to the INSPECT program within seven days after the controlled substance is dispensed.

It also provides immunity from civil liability for a practitioner regarding the use of certain information.

The bill repeals the definition of "central repository". It also repeals language concerning expenses for the central repository.

Effective Date: July 1, 2006; July 1, 2007.

Explanation of State Expenditures: This bill renames the Controlled Substances Central Repository the

Indiana Scheduled Prescription Electronic Collection and Tracking (INSPECT) program and transfers the administrative responsibility from the Health Professions Bureau to the Indiana Professional Licensing Agency (IPLA). The IPLA is currently operating the Central Repository so the transfer of the statutory administrative responsibility reflects current practice. The provision allowing the administration of the program to be contracted out is also allowed under the existing statute for the Central Repository.

The bill expands the number of parties that may be allowed to access the INSPECT data base. The bill specifies that individuals accessing the confidential data base must be approved in a manner to be prescribed by the Controlled Substances Advisory Committee (Advisory Committee). The IPLA reports that this provision could potentially expand the number of persons with access to the data base from approximately 200 law enforcement users to include 40,000 providers who prescribe or dispense scheduled drugs. The bill further restricts the release of information to certain specified purposes for law enforcement users and health care providers. The fiscal impact of this provision will ultimately depend upon the actions of the Advisory Committee in determining the requirements to be established for certifying users to access the data base information.

The bill also allows the Advisory Committee to set educational standards for individuals who receive information from the INSPECT program and to identify treatment for individuals addicted to substances monitored by the INSPECT program. The cost of this provision will be dependent upon actions to be taken by the Advisory Committee.

Controlled Substances Advisory Committee Background: The 16-member Controlled Substances Advisory Committee serves as a consultative and advisory body to the Board of Pharmacy on all matters relating to the classification, reclassification, addition to, or deletion from the controlled substances schedules. The Advisory Committee is authorized to conduct hearings and make recommendations to the Board of Pharmacy concerning revocations, suspensions, or restrictions of controlled drug registrations. The Advisory Committee members are entitled to the minimum salary per diem and reimbursement of travel expenses. The Advisory Committee is staffed by the Health Professions Bureau.

Explanation of State Revenues: The bill transfers the Controlled Substances Data Fund from the Health Professions Bureau (HPB) to the Professional Licensing Agency. This Fund was established to fund the operation of the Central Repository. The bill provides that after June 30, 2007, the Fund is to provide funding for the operation of the INSPECT program. Money in the Fund consists of grants, public and private financial assistance, and 16% of the controlled substances' registration fees imposed on manufacturers, distributors and dispensers of controlled substances under current statute. A controlled substance's registration, and renewal, for practitioners costs \$60. The registration fee for distributors, manufacturers, and for dispensing, and conducting research, instruction, and chemical analysis, costs \$100. In 2003, the HPB reported approximately 23,500 total controlled substances registrations. Sixteen percent of the annual revenue generated from these registrations is approximately \$118,000.

In FY 2005, the IPLA was awarded a \$216,796 federal grant which allowed for the hiring of two full-time staff members to operate the INSPECT program as well as other enhancements. In December of 2005, the IPLA applied for another \$360,000 in federal grant funds to: (1) allow for the outsourcing of the data collection and error reporting portion of the program; (2) provide for more efficient, effective, and frequent data collection to increase the quality and timeliness of the data available; and (3) to provide for the timely and accurate return of data on a real-time basis. The IPLA reports that the award of the federal grant is dependent upon the passage of enabling legislation. They also report that if the grant is not awarded, the current level of available resources

may not support the expansion of the INSPECT program. Ultimately, the funding requirements will depend upon administrative action in the design of the program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Health Professions Bureau; Indiana Professional Licensing Agency.

Local Agencies Affected:

Information Sources: Barbara McNutt, Chief Counsel, Indiana Professional Licensing Agency; *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2005, and the Auditors Data Base, Fund/Center 6000/125300.

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